

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 ANKARA 1408

EXDIS

E.O. 11652: GDS
TAGS: PEPR
SUBJECT: US-GOT CONSULTATIONS: PLENARY MEETING, MORNING
FEBRUARY 23

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1. AFTER A COURTESY OPENING OF THE MEETING BY MFA SEC GEN ELEKDAG, MR. NIMETZ SAID THAT THE US SIDE FOUND THE FEBRUARY 22 MEETINGS USEFUL, PARTICULARLY IN EXPLORING PRIME MINISTER ECEVIT'S NEW APPROACH TO US-TURKISH RELATIONS. NIMETZ THEN OFFERED SEVERAL OBSERVATIONS ON THE ECONOMIC SIDE. HE SAID THAT IN THE US VIEW, THE FIRST STEP IN THE BASIC SOLUTION TO TURKEY'S ECONOMIC PROBLEMS LIES IN DEVELOPING A STABILIZATION PROGRAM ACCEPTABLE TO THE IMF. AGREEMENT WITH THE IMF WOULD ALSO BE A POSITIVE SIGNAL TO THE INTERNATIONAL FINANCIAL COMMUNITY. NIMETZ SAID THAT IN ITS DISCUSSIONS WITH THE IMF THE GOT SHOULD BE FLEXIBLE AND THAT THERE HAS TO BE GIVE-AND-TAKE WITH THE IMF. HE SUGGESTED THAT TURKEY MAY WISH TO DEAL WITH THE FUND ON SEVERAL LEVELS. THE USG HOPES THAT THESE TALKS WILL MOVE ALONG RAPIDLY AND BE FRUITFUL FOR ALL CONCERNED.
2. NIMETZ THEN REITERATED THE POINT THAT NO OTHER COUNTRY CAN INTERFERE IN IMF NEGOTIATIONS BECAUSE TO DO SO WOULD DESTROY THE IMF'S CREDIBILITY IN THE INTERNATIONAL FINANCIAL COMMUNITY. NIMETZ SAID FURTHER THAT IT APPEARS THAT THE PRIVATE INTERNATIONAL BANKS
CONFIDENTIAL

PAGE 02 ANKARA 01408 231859Z

ARE WILLING TO WORK WITH TURKEY ON DEBT RESCHEDULING, AND, IF THERE IS A RESCHEDULING PROGRAM, THE ISSUE OF NEW FINANCING CAN POSSIBLY BE WORKED OUT. IT IS IMPORTANT IN THIS CONTEXT, HE ADDED, THAT THE GOT DEAL POSITIVELY AND OPENLY WITH THE BANKS. AT THE SAME TIME, IT IS CLEAR THAT THE BANKS, TOO, ARE WAITING FOR TURKEY TO REACH AGREEMENT WITH THE IMF. WITH THESE TWO PILLARS IN PLACE, TURKEY CAN THEN DEAL WITH ITS LONG-TERM DEVELOPMENT PROBLEMS IN A POSITIVE AND REALISTIC MANNER. WHILE THE US IS NOT IN A POSITION TO MAKE SPECIFIC COMMITMENTS AT THIS TIME, NIMETZ SAID HE BELIEVED THAT THE USG AND OTHER FRIENDLY GOVERN-

MENTS WOULD TAKE AN ACTIVE ROLE IN THE SEARCH FOR A SOLUTION TO THE LONG RUN PROBLEM, FOR EXAMPLE IN FURTHER CONSULATATIONS AND IN CONSIDERING OTHER FORMS OF ASSISTANCE.

3. REGARDING EXIM BANK FINANCING, NIMETZ SAID THAT IT HAD PLAYED A HELPFUL ROLE IN THE PAST AND COULD PLAY A HELPFUL ROLE IN THE FUTURE WHEN CIRCUMSTANCES WERE APPROPRIATE. ON THE SUBJECT OF PUBLIC AND PRIVATE DEBT RESCHEDULING, NIMETZ REITERATED THAT THE USG PLAYS NO ROLE IN PRIVATE DEBT RESCHEDULING BUT THAT US POLICY IS TO CONSIDER THE RESCHEDULING OF OFFICIAL DEBTS IN A MULTILATERAL CONTEXT.

4. REGARDING SECURITY SUPPORTING ASSISTANCE (SSA), NIMETZ POINTED OUT THAT THE US FY79 BUDGET HAS ALREADY GONE TO CONGRESS AND, CONSEQUENTLY, ANY CONSIDERATION OF SSA FOR TURKEY WOULD HAVE TO BE RELATED TO THE FY80 BUDGET. CONTINUING, NIMETZ POINTED OUT THAT ALL US ASSISTANCE PROGRAMS REQUIRE CONGRESSIONAL APPROVAL AND THAT CONGRESS CURRENTLY IS NOT SYMPATHETIC TO BILATERAL AID PROGRAMS.

5. ON THE MILITARY SIDE, NIMETZ TOOK NOTE OF THE SUGGESTIONS MADE BY THE TURKISH SIDE IN FEBRUARY 22 EXPERTS MEETING (SEPTTEL) AND SAID THAT THESE WOULD HAVE TO BE DISCUSSED AMONG THE APPROPRIATE AGENCIES IN WASHINGTON. NEVERTHELESS, AS A MEMBER OF NATO, THE USG IS VERY MUCH CONCERNED WITH UPGRADING THE TURKISH ARMED FORCES AND HE SUGGESTED THAT ONE WAY TO APPROACH THE PROBLEM WOULD BE THROUGH JOINT SECURITY ASSISTANCE PLANNING DISCUSSIONS. NOTING THAT THE US HAS CERTAIN EXPERTISE IN THE MAAG MISSION IN ANKARA, HE SUGGESTED THAT THE TURKS CONSIDER A JOINT PLANNING STUDY TO DETERMINE HOW THE TURKISH ARMED FORCES COULD MEET NATO COMMITMENTS. HOWEVER, SUCH A STUDY SHOULD NOT FORMALLY COMMENCE UNTIL AFTER THE DCA IS IN PLACE.

PAGE 03 ANKARA 01408 231859Z

RIATE AGENCIES IN WASHINGTON. NEVERTHELESS, AS A MEMBER OF NATO, THE USG IS VERY MUCH CONCERNED WITH UPGRADING THE TURKISH ARMED FORCES AND HE SUGGESTED THAT ONE WAY TO APPROACH THE PROBLEM WOULD BE THROUGH JOINT SECURITY ASSISTANCE PLANNING DISCUSSIONS. NOTING THAT THE US HAS CERTAIN EXPERTISE IN THE MAAG MISSION IN ANKARA, HE SUGGESTED THAT THE TURKS CONSIDER A JOINT PLANNING STUDY TO DETERMINE HOW THE TURKISH ARMED FORCES COULD MEET NATO COMMITMENTS. HOWEVER, SUCH A STUDY SHOULD NOT FORMALLY COMMENCE UNTIL AFTER THE DCA IS IN PLACE.

6. ON A MORE GENERAL NOTE, NIMETZ EMPHASIZED THAT THE USG IS RELUCTANT TO MAKE ANY PREMATURE COMMITMENTS TO TURKEY THAT MIGHT COMPLICATE OUR RELATIONS IN THE FUTURE. HE SAID THAT THE US AND TURKEY SHOULD FOLLOW DEVELOPMENTS CAREFULLY THROUGH OUR RESPECTIVE EMBASSIES, AND HE REQUESTED THAT THE GOT KEEP US INFORMED OF ITS THINKING, PLANS FOR STABILIZATION, AND OTHER REQUIREMENTS. IN THIS RESPECT NIMETZ NOTED THAT THE USG IS NOT ALWAYS FULLY INFORMED ABOUT THE GOT'S PLANS AND THAT IT IS NECESSARY TO HAVE FULL EXCHANGES OF VIEWS SO THAT WE CAN BE PREPARED TO BE HELPFUL.

7. IN RESPONSE TO A QUESTION FROM SECGEN ELEKDAG REGARDING BILATERAL COMMERCIAL RELATIONS, NIMETZ REITERATED THAT USG WISHED TO REVIEW ANY BILATERAL RESTRICTIONS, SUCH AS NON-TARIFF BARRIERS, WHICH THE TURKS BELIEVED WERE APPLIED TO TURKISH COMMERCIAL EXPORTS.

CONFIDENTIAL

PAGE 01 ANKARA 01408 02 OF 02 231859Z
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C O N F I D E N T I A L SECTION 2 OF 2 ANKARA 1408

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THE US AND TURKEY COULD ALSO LOOK INTO THE POSSIBILITIES OF TECHNICAL ASSISTANCE IN THE MARKETING OF TURKISH VEGETABLES AND CITRUS FRUITS. EWING COMMENTED THAT REPRESENTATIVES OF A MAJOR US GRAIN COMPANY WILL SHORTLY BE COMING TO ANKARA TO DISCUSS A TRADE DISPUTE AND ALSO POSSIBILITIES OF FACILITATING TURKISH GRAIN EXPORTS. EWING CONTINUED THAT THESE DISCUSSIONS MIGHT PROVIDE A WAY TO RESOLVE THE TRADE DISPUTE IN A MANNER BENEFICIAL TO TURKISH BALANCE OF PAYMENTS.

8. COMMENTING ON A QUESTION ABOUT POSSIBLE JOINT VENTURES IN ARMAMENTS PRODUCTION, SIENA SAID THAT THE VARIOUS POSSIBILITIES WOULD BE LOOKED INTO IN WASHINGTON, BUT HE ADDED THAT APPROPRIATE PEOPLE ON THE TURKISH SIDE SHOULD ALSO REVIEW SUCH POSSIBILITIES DIRECTLY WITH AMERICAN FIRMS.

9. ELEKDAG SAID THAT US-TURKISH RELATIONS ARE GOING THROUGH A DIFFICULT PERIOD. HE EXPRESSED KEEN DISAPPOINTMENT THAT THESE FOLLOW-UP TALKS HAD NOT RESULTED IN ANY CONCRETE PROGRAMS. MORE-OVER, IT WAS IMPORTANT IN HIS VIEW TO SHOW SOME TANGIBLE SIGN OF REVITALIZING US-TURKISH COOPERATION IN PORTRAYING THE RESULTS OF THE FOLLOW-UP MEETINGS TO THE TURKISH PUBLIC. HE REITERATED THAT IT IS NECESSARY FOR TURKEY TO MAINTAIN ECONOMIC GROWTH AND DEVELOPMENT IN ORDER TO MAINTAIN WESTERN DEMOCRACY AND THAT, TO DO SO, TURKEY NEEDS "BREATHING SPACE" IN WORKING OUT ITS ECONOMIC AND OTHER PROGRAMS. ELEKDAG SAID THAT, UNHAPPILY, HE WAS FORCED TO CONCLUDE CONFIDENTIAL

PAGE 02 ANKARA 01408 02 OF 02 231859Z

THAT THE USG IS PREPARED TO DO VERY LITTLE TO ASSIST TURKEY IN THIS CRITICAL TIME AND HE REGRETTED THAT THERE HAS NOT BEEN GREATER PROGRESS IN "REACTIVATING" THE BILATERAL RELATIONSHIP.

10. NIMETZ RESPONDED THAT THERE HAS UNDOUBTEDLY BEEN SOME CONFUSION ABOUT THE NATURE OF THESE FOLLOW-UP TALKS WHICH, ON THE TURKISH SIDE, PERHAPS HAS LED TO SOME UNFOUNDED EXPECTATIONS. NOTING THAT PRIMIN ECEVIT WAS NOT SPECIFIC IN HIS POLICY PROPOSALS DURING HIS JANUARY MEETING WITH SECRETARY VANCE, HE SAID THE PURPOSE OF THE US TEAM WAS TO COME TO ANKARA TO GET A BETTER FEEL FOR TURKISH THINKING ON THE RESOLUTION OF ECONOMIC AND OTHER PROBLEMS,

NOT FOR THE US TO MAKE SPECIFIC PROGRAM PROPOSALS. NIMETZ NOTED THAT TO A CERTAIN EXTENT THE GOT WAS "POCKETING" THE MOST SIGNIFICANT POSSIBLE US CONTRIBUTION, I.E. THE DCA, AND THEN COMPLAINING THAT MORE WAS NOT AVAILABLE. IN FACT UNTIL THE DCA IS APPROVED, THE USG CANNOT BE EXPECTED TO COME UP WITH ADDITIONAL PROGRAMS INVOLVING THE FURTHER EXPENDITURE OF FUNDS. NEVERTHELESS, NIMETZ SAID THAT THE US SIDE CAN BE HELPFUL IN PUBLIC STATEMENTS IN COMING WEEKS BUT THAT BOTH GOVERNMENTS MUST BE REALISTIC ABOUT THE PROSPECTS OF ARRIVING AT IMMEDIATE REMEDIES FOR ECONOMIC STABILIZATION AND MILITARY PROBLEMS.

11. IN FURTHER COMMENT ON THE ECONOMIC SIDE, MFA DEPSEC GEN FOR ECONOMIC AFFAIRS AMBASSADOR CUHRUK SAID THAT THE DETAILED DISCUSSIONS WITH THE US TEAM WERE TO SOME EXTENT USEFUL IN THAT THE GOT BETTER UNDERSTANDS THE MAIN THRUST OF US POLICIES ON SUCH PROBLEMS AS DEBT RESCHEDULING AND RELATIONS WITH THE IMF AND PRIVATE BANKS. NEVERTHELESS, CUHRUK ASKED WHETHER THERE ARE ANY OTHER MEANS BEYOND THOSE SUGGESTED BY GOT ITSELF FOR THE USG TO HELP RESOLVE TURKEY'S ECONOMIC PROBLEMS. IN RESPONSE TO A POINTED QUERY FROM CUHRUK, NIMETZ STATED THAT WHILE POLITICAL CONSIDERATIONS MIGHT AFFECT CONGRESSIONAL ATTITUDES ON SSA AND OTHER ASSISTANCE PROGRAMS FOR TURKEY, HE WAS PREPARED TO ASSURE THE TURKISH SIDE THAT THE CONFIDENTIAL

PAGE 03 ANKARA 01408 02 OF 02 231859Z

ADMINISTRATION'S POSITION WOULD BE BASED ON THE MERITS OF THE CASE. WINDER THEN REAFFIRMED THAT THE USG WOULD BE PREPARED TO CONSIDER COOPERATING IN AN APPROPRIATE FASHION IN A MULTILATERAL RESCHEDULING OF OFFICIAL DEBTS BUT THAT IT IS ESSENTIAL FOR TURKEY TO PURSUE THE STABILIZATION PROGRAM WITH THE IMF AND TO NEGOTIATE WITH THE PRIVATE BANKS.

12. CONCLUDING, SEC GEN ELEKDAG SAID THAT FURTHER PROGRESS COULD NOT BE MADE IN THESE DISCUSSIONS BUT THAT CONSIDERATION SHOULD BE GIVEN TO WHAT POINTS MIGHT PRODUCTIVELY BE DISCUSSED, AND TO CAP OFF THE DISCUSSIONS OF THESE TWO DAYS, WHAT CAN BE SAID TO THE PRESS.
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